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**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
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MEMORANDUM



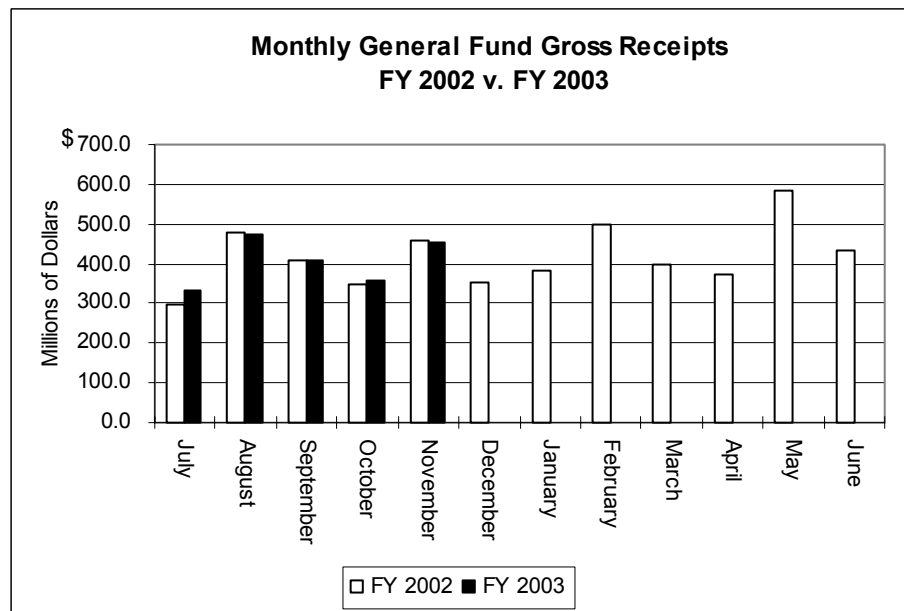
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: December 2, 2002

Monthly General Fund Receipts through November 30, 2002

The attached spreadsheet represents total FY 2003 monthly General Fund receipts, with comparable figures for actual FY 2002. These can be compared to the FY 2003 estimate (\$5.008 billion) set by the Revenue Estimating Conference (REC) on September 6, 2002. The estimate represents an increase of \$0.6 million (0.0%) compared to actual FY 2002 gross cash receipts (excluding transfers). The REC will review the FY 2003 estimate on December 6, 2002.



FY 2003 Compared to FY 2002

Year-to-date FY 2003 total gross revenues (excluding transfers) have increased \$32.7 million (1.6%) compared to the same time period of FY 2002. Major revenue sources contributing to the change include:

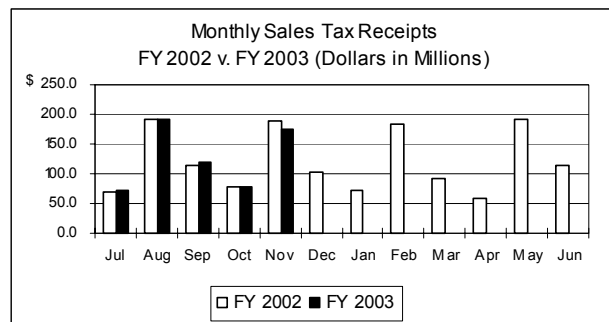
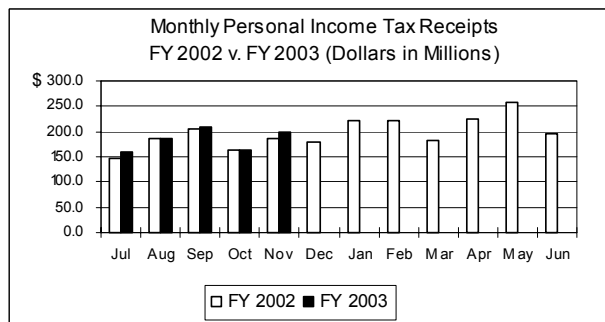
- Withholding tax payments (positive \$47.5 million)
- Income tax estimate payments (negative \$17.4 million)
- Corporate tax payments (positive \$10.9 million)
- Inheritance tax (negative \$4.9 million)
- Veteran's Home net budgeting (negative \$11.7 million)
- Interest (positive \$5.6 million)

Personal income tax revenues received in November totaled \$199.7 million, an increase of \$15.4 million (8.4%) compared to November 2001.

The State tracks personal income tax in three sub-categories. During the month of November, withholding tax payments increased \$14.6 million (8.2%). The other two sub-categories are quarterly estimate payments and payments with returns. Both sub-categories are minor sources of revenue during the month of November.

The FY 2003 REC income tax estimate of \$2.418 billion represents a projected increase of 1.9% compared to actual FY 2002. The year-to-date change in personal income tax receipts is 3.4% through November.

The following Chart compares FY 2003 monthly personal income tax receipts from all three sub-categories with FY 2002.



Sales tax receipts received in November totaled \$175.9 million, a decrease of \$11.7 million (- 6.2%) compared to November 2001.

The REC estimate for FY 2003 sales tax receipts is \$1.468 billion, which represents an increase of 1.0% compared to actual FY 2002. The year-to-date growth in sales tax receipts is – 0.6%.

The Chart above compares FY 2003 monthly sales tax receipts with FY 2002.

Use tax receipts received in November totaled \$24.3 million, a decrease of \$6.4 million (- 20.8%) compared to November 2001.

The REC estimate for FY 2003 use tax receipts is \$241.0 million, which represents an increase of 1.0% compared to actual FY 2002. The year-to-date growth in use tax receipts is 2.1%.

Corporate tax receipts received in November totaled \$18.5 million, an increase of \$6.1 million (49.2%) compared to November 2001.

The REC estimate for FY 2003 corporate tax receipts is \$221.7 million, which represents an increase of 0.2% compared to actual FY 2002. The year-to-date growth in corporate sales tax receipts is 12.9%.

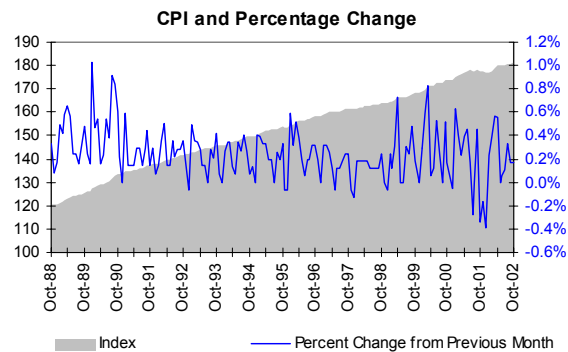
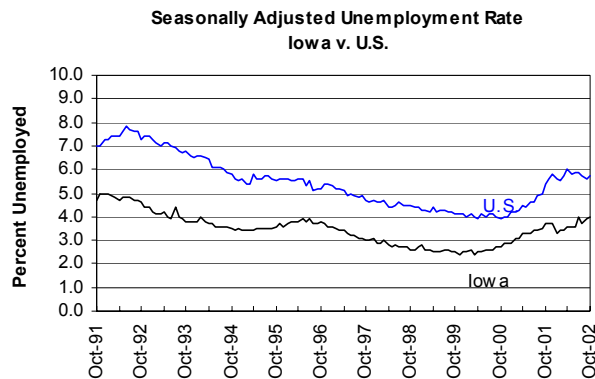
Status of the Economy

The October seasonally adjusted Iowa non-farm unemployment rate increased to 4.0% from the September rate of 3.9%. The Iowa unemployment rate a year ago was 3.7%. Iowa's total adjusted October employment registered at 1,559,600, up 18,700 from last year's level. The number of unemployed persons in Iowa was recorded at 65,700 in October, an increase of 6,500 compared to last year's level.

The U.S. unemployment rate in October was 5.7%. The U.S. rate one year ago was 5.4%.

Consumer prices increased in October by 0.2%. The Consumer Price Index (CPI-U) through October 2002 was 181.3 (1983=100), which is 2.0% higher than one year ago.

The following charts illustrate U.S. and Iowa unemployment comparisons and the Consumer Price Index through October 2002.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>.

GENERAL FUND RECEIPTS - FY 2002 vs. FY 2003 July 1 through November 30, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 02 Actual Compared to FY 03 REC Estimate		
	FY 2002	FY 2003	Year to Date % CHANGE	November % CHANGE	Actual FY 2002	Estimate FY 2003	% CHANGE
Personal Income Tax	\$ 885.5	\$ 915.9	3.4%	8.4%	\$ 2,372.0	\$ 2,417.7	1.9%
Sales Tax	638.7	634.9	-0.6%	-6.2%	1,453.0	1,467.5	1.0%
Use Tax	111.7	114.0	2.1%	-20.8%	238.5	241.0	1.0%
Corporate Income Tax	84.0	94.9	13.0%	49.2%	221.3	221.7	0.2%
Inheritance Tax	44.9	40.0	-10.9%	-8.5%	100.4	85.1	-15.2%
Insurance Premium Tax	-0.2	0.7	-450.0%	n/m	135.4	138.2	2.1%
Cigarette Tax	38.4	37.4	-2.6%	-4.2%	88.0	87.2	-0.9%
Tobacco Tax	3.1	3.2	3.2%	-14.3%	7.1	7.2	1.4%
Beer Tax	6.1	6.3	3.3%	10.0%	13.8	14.0	1.4%
Franchise Tax	10.2	10.2	0.0%	0.0%	30.9	29.6	-4.2%
Miscellaneous Tax	2.3	1.1	-52.2%	-483.3%	1.5	1.3	-13.3%
Total Special Taxes	\$ 1,824.7	\$ 1,858.6	1.9%	-0.8%	\$ 4,661.9	\$ 4,710.5	1.0%
Institutional Payments	20.3	8.2	-59.6%	-78.0%	48.6	18.2	-62.6%
Liquor Transfers - Profits	14.5	15.5	6.9%	0.0%	38.5	39.0	1.3%
Liquor Transfers - 7% Revenues	3.8	3.8	0.0%	0.0%	9.0	9.0	0.0%
Interest	4.6	10.1	119.6%	-40.9%	25.3	17.0	-32.8%
Fees	26.4	29.3	11.0%	2.1%	70.2	65.4	-6.8%
Judicial Revenue	16.8	19.0	13.1%	5.4%	51.9	54.1	4.2%
Miscellaneous Receipts	19.1	18.2	-4.7%	-13.9%	42.1	34.9	-17.1%
Racing and Gaming Receipts	60.0	60.0	0.0%	1900.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 1,990.2	\$ 2,022.7	1.6%	-0.8%	\$ 5,007.5	\$ 5,008.1	0.0%